

How your earnings affect what you get

Universal Credit

Your earnings

There is no limit to how many hours you can work.

If you're employed, your Universal Credit payment reduces gradually as you earn more (this is known as the taper).

For every £1 you earn (after tax and any deductions) your Universal Credit payment reduces by 63p.

example

You're single, working and earn £240 during your Universal Credit assessment period.

To work out how much will be deducted from your Universal Credit payment, take your earnings (£240) and multiply by the taper rate ($£0.63$) = $£151.20$

This means you keep all of your earnings (£240), and £151.20 will be deducted from your Universal Credit payment that month.

The following month you earn £350 during your Universal Credit assessment period.

Use the same calculation $£350 \times £0.63 = £220.50$

This means you keep all of your earnings (£350), and £220.50 will be deducted from your Universal Credit payment that month.

Universal Credit tops up pay so you are better off in work.

You can even earn a certain amount before your Universal Credit is reduced if you or your partner either:

- are responsible for a child or young person or
- have a disability or health condition that affects your ability to work

This is called a work allowance.

The work allowance is an amount of your earnings that is ignored each Universal Credit assessment period before the taper is applied.

£287.00

If you **don't get help** with your housing costs this is the amount of your earnings that is ignored each month (work allowance).

£503.00

If you **get help** with your housing costs this is the amount of your earnings that is ignored each month (work allowance).

example

You have a child and get money for housing costs in your Universal Credit payment. You are working and earn £500 during your Universal Credit assessment period. Your Work Allowance is £287, this means you can earn £287 without any money being deducted from your Universal Credit payment.

$£500$ (earnings) - $£287$ (Work Allowance) is $£213$ (this is the amount that will be subject to the taper)
 $£213 \times £0.63 = £134.19$

This means you keep all of your earnings (£500), and £134.19 will be deducted from your Universal Credit payment that month.